



ENERGY ASSURANCE DAILY

Thursday, September 28, 2006

Electricity

Update: New Storm Slows Down Hydro One's Restoration

As of September 27, there were about 11,000 Hydro One customers still without power, down from about 100,000 customers at peak on Sunday. However, a new storm with extremely high winds and heavy rain is hampering Hydro One's efforts to restore power. The new storm is causing new damage to the power delivery system, which may result in the continued power outage for some customers in certain locations that are difficult to access.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7207518

U.S. Nuclear Plant Fall Refuelings Highest Since 2000

Energy companies expect to shut the most nuclear power reactors this year for autumn refueling since the fall of 2000. Electricity traders predict this will require energy companies to use more expensive coal and natural gas-fired plants over the next few months.

Reuters, 10:05 September 28, 2006

PSEG's 1,130 MW Salem 2 Nuke Unit in New Jersey Exits Outage by September 28

The unit exited an outage and ramped up to 55 percent of capacity by early Sept. 28. The unit shut on Sept. 26 due to problems with a reactor coolant pump seal.

Reuters, 07:09 September 28, 2006

Update: Progress Energy's 937 MW Brunswick Nuke Unit 2 in North Carolina Back at Full Power September 27

The company returned the unit to full power after making certain control-rod adjustments. The unit was reduced to 52 percent of capacity on Sept. 24. The level of power output fluctuated over the past few days.

Bloomberg News, 13:06 September 28, 2006

SCE's 285 MW Mountainview Gas-fired Unit 3 in California Shut Sept. 27

Reuters, 10:30 September 28, 2006

Complete's 256 MW La Paloma Gas-fired Unit 3 in California Shut Sept. 27

Reuters, 10:30 September 28, 2006

Complete's 260 MW La Paloma Gas-fired Unit 2 in California Shut Sept. 27

Reuters, 10:30 September 28, 2006

Petroleum

Nigerian Source Says OPEC Unofficially Cutting Crude Oil Production

A Nigerian oil industry source told Reuters that Nigeria, Saudi Arabia and Kuwait plan to cut oil supply on October 1. The source, which asked not to be named, said that Nigeria will cut production by five percent because of unofficial discussions between OPEC members. OPEC's Vienna-based headquarters said that it was unaware of any formal decision to cut production but confirmed that consultations were going on between OPEC members. Oil prices have fallen by 20 percent since a peak of \$78.40 in July, causing some OPEC members to worry. In response to the recent OPEC news, the spot oil price rose above \$63 per barrel.

Reuters, 12:45 September 28, 2006

Bloomberg News, 12:53 September 28, 2006

ExxonMobil, ConocoPhillips to Restart Crude Delivery from Prudhoe Bay Soon

On September 27, ExxonMobil Corp. announced it will lift the force majeure and resume full delivery of crude oil from Prudhoe Bay by mid-October. ConocoPhillips said it will follow suit by October 31. ConocoPhillips has already notified its customers and ExxonMobil is in the process of notifying customers of the lifting of the force majeure.

http://biz.yahoo.com/ap/060927/exxon_alaska.html?v=3

Sunoco Shuts Crude Unit at 330,000 b/d Philadelphia Refinery September 28

According to traders, the unit will be shut for 10 to 14 days. The company has not commented on operations. Reuters, 10:25 September 28, 2006

Natural Gas

EIA Analysis Says 6.2% Natural Gas Reserve Increase Marks the Largest Growth in the U.S. Since 1970

EIA reported that in 2005 the U.S. experienced the largest annual growth in natural gas reserves with a 6.2% increase in dry gas reserves from 2004. Although production from the Gulf of Mexico declined by 10% in 2005 due to severe hurricanes, onshore reserve additions were large enough to overcome the decline.

http://www.eia.doe.gov/pub/oil_gas/natural_gas/analysis_publications/ngcapacity/ngcapacity.pdf

Newfield Exploration to Build 400 Miles of Pipelines in Oklahoma

Newfield Exploration Co. signed a contract to build and operate pipelines related to the development of the Woodford Shale properties in southeastern Oklahoma. Newfield will invest in the completion of 400 miles of pipelines and infrastructure in Oklahoma's Arkoma Basin. The company expects gross Woodford Shale production to increase from 65 mcf/d to more than 350 mcf/d by the end of 2009. Once completed, the pipeline system's maximum capacity will be 500 mcf/d.

<http://biz.yahoo.com/bizj/060927/1351291.html?v=2>

<http://phx.corporate-ir.net/phoenix.zhtml?c=63798&p=irol-newsArticle&ID=909129&highlight=>

Other News

California Governor Schwarzenegger Signs Greenhouse Gas Cap Legislation

On September 27, California became the first U.S. state to cap greenhouse gas (GHG) emissions from industries. Governor Arnold Schwarzenegger signed into law the Greenhouse Gas Law, AB 32, which requires the state's major industries to reduce their GHG emissions by 25% by 2020. The California Air Resources Board will have the authority to develop and carry out the rules and regulations until the GHG cap enforcement begins in 2012.

<http://www.platts.com/Electric%20Power/News/6299880.xml?p=Electric%20Power/News&sub=Electric%20Power>

Four New Ethanol Plants Go Online in September, Add 169 Million Gallons of Capacity

The new plants added 169 million gallons of capacity to North American ethanol capacity. According to the Renewable Fuel Association, current U.S. ethanol capacity is about 5,000 million gallons per year; about 3,000 million gallons of new capacity is currently under construction.

07:08 Reuters, September 28, 2006

<http://www.ethanolrfa.org/industry/locations/>

Alliance to Begin Work at One of Indiana's Largest Underground Coal Mines in November

On September 25, Alliance Resource Partners received an approval from the Indiana Department of Natural Resources to begin operation at its underground mine near Princeton. The 3.2 million short tons/year Gibson South Operation is one of the state's largest underground coal mines with an estimated 83 million-ton reserve. The mine is scheduled to begin production sometime in 2008 or 2009.

<http://www.platts.com/Coal/News/6299887.xml?p=Coal/News&sub=Coal>

Energy Prices

U.S. Oil and Gas Prices September 28, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	63.30	61.30	66.36
NATURAL GAS Henry Hub \$/Million Btu	4.35	4.65	14.84

Source: Reuters

Energy Notes

Doweast LNG Proposes Two Pipeline Routes to Connect Robbinston LNG Facility with Baileyville Pipeline

<http://powermarketers.net/contentinc.net/newsreader.asp?ppa=8knpp%5E%5BjffmsvZUmi%27%40%3E%20bfe1%5Dv>

House Energy, Commerce Committee Approves Tougher Pipeline Safety Bill

<http://intelligencepress.com/subscribers/daily/news/d20060928g.html>

http://www.energyintel.com/DocumentDetail.asp?document_id=185641

Update: PdVSA says 54,000 b/d Cat Cracker at Palito Refinery in Venezuela Back Online Sept. 28

Reuters, 10:24 September 28, 2006

Exxon to Load First Oil Cargo from Sakhalin-1 Terminal in Russia Oct. 4

Reuters, 00:43 September 28, 2006

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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